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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 001375

SIPDIS

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SUBJECT: FUKUDA NEPHEW ON HIS UNCLE, RECENT POLITICAL DEVELOPMENTS

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b,d)

SUMMARY

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¶1. (C) Liberal Democratic Party (LDP) Diet representative -- and PM Fukuda's nephew -- Takao Ochi spoke candidly about his uncle's short-comings, particularly his inability to handle the media well and his failure to better explain controversial tax and other measures in a recent meeting with Embassy Tokyo. Ochi thought there would be no Lower House election this year and that the LDP's recent loss in the Yamaguchi election would have no impact on the Fukuda administration. He also said there would be no backlash over the increase in gasoline prices. Ochi described his background in the private sector, combined with his upbringing in a political family, as good training for becoming a politician himself. He dismissed the many non-partisan parliamentary leagues as meaningless. End Summary.

Fukuda Must Better Explain . . .

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¶2. (C) LDP Diet member Takao Ochi told Embassy Tokyo that PM Fukuda, who is his mother's elder brother, needs to provide more and better explanations of controversial domestic issues. He gave as an example Fukuda's statement in late March about a plan to incorporate road construction-related revenues into the general revenue. Concern immediately rose among members of the ruling parties, especially since neither former PM Koizumi nor former PM Abe was able to accomplish this. Fukuda provided a more thorough explanation later, but had he provided it sooner the general public would have embraced it. Ochi also insisted that Fukuda does have a clear mid- and long-term vision for internal and external affairs.

. . . And Improve Handling of Media

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¶3. (C) Fukuda does not handle the media well, said Ochi. The reform-oriented former PM Koizumi used Japan's liberal media skillfully, but the more conservative former PM Abe fought with reporters. Fukuda neither fights the press nor uses it well. The media view Fukuda as irritating because he is not entertaining, but Fukuda ignores this. Ochi stressed that

Fukuda is more interested in looking out for national interests than in maintaining good relations with the media, even if this poor relationship sometimes affects Fukuda,s handling of government.

#### No Election This Year

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14. (C) Ochi described his uncle as a rationalist. Unless Fukuda reckons he can gain more than the current two-thirds majority in the Lower House, he will not call an election, said Ochi. Given that the LDP is unlikely to gain more seats, Fukuda is unlikely to dissolve the Lower House this year.

#### No Impact from Yamaguchi By-Election

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15. (C) Ochi told Embassy Tokyo that the LDP's loss in the Yamaguchi by-election would have no impact on the Fukuda administration. The recent change in the insurance system for the elderly, which the media cited as the reason for the LDP loss, is not a problem per se, Ochi said. The problem lay in the LDP,s failure to explain the new system properly to the public, he explained.

#### No Backlash on Gasoline Tax

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16. (C) Ochi thought there would be no serious backlash over the recent increase in the price of gasoline. Because the

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government packaged together the reinstatement of the provisional gasoline tax with the plan to incorporate this tax's and other related revenues into the general revenue, Ochi claimed this would limit public objection to increased gasoline prices. That said, allowing the gas tax to elapse in the first place was "embarrassing." Because the gas tax is considered to be helpful to the environment, it was "shameful" for the Diet to wrangle over it right before the Japan-hosted G8 summit, a key focus of which will be the environment. Ochi also said he "felt ashamed" over the Diet's initial failure to extend the anti-terror law and to appoint the Bank of Japan governor in a timely manner.

#### Non-Partisan Parliamentary Leagues of No Use

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17. (C) Ochi expressed no interest in non-partisan parliamentary leagues, which he described as "meaningless" unless they have a specific objective. Some Diet members are using the leagues to make themselves look powerful by boasting of friends in different parties. Only a few Diet members understand the essence of these nonpartisan leagues; the rest only join to increase the number of league members, Ochi explained.

#### Bio Info

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18. (C) Ochi said that his mix of experience working for a private bank, combined with his birth into a well-connected political family, has helped him to be a good politician. Specifically, his work in the private sector taught him to be conscious of economic prudence and economic growth. Furthermore, growing up around his grandfather, former PM Takeo Fukuda, exposed Ochi to different views on Japan's national interest, economic growth and global politics. In terms of policy interests, Ochi expressed concern over Japan's fiscal problems, its aging society, the decrease in Japanese education standards and Japan's low food self-sufficiency. He is also interested in a growing movement to produce more domestic wheat and to use rice powder in baked goods.

SCHIEFFER